

Message Text

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16

ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

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R 220740Z AUG 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3940

INFO AMEMBASSY WELLINGTON

CINCPAC

AMCONSUL SYDNEY

AMCONSUL MELBOURNE

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PINT, AS

SUBJ: AUSTRALIAN POLITICAL ATMOSPHERICS: DECLINE OF CONFIDENCE

IN LABOR GOVERNMENT

REF: A) CANBERRA 5320 B) MELBOURNE 984 (NOTAL) C) MELBOURNE 991
(NOTAL)

1. SUMMARY: SERIES OF ADVERSE POLITICAL AND ECONOMIC DEVELOPMENTS HAS HIT LABOR GOVERNMENT IN PAST WEEK. A SECOND PUBLIC OPINION POLL (ADDITIONAL TO THAT REPORTED IN REF A) SHOWED STEEP DECLINE IN LABOR SUPPORT; UNEMPLOYMENT AS OF MID-AUGUST WENT OVER 100,000 MARK; AND STRIKES IN FIRST FIVE MONTHS OF 1974 TOTALLED 3.9 MILLION MAN DAYS, ALMOST FOUR TIMES ABOVE 1.0 MILLION FIGURE RECORDED IN SAME PERIOD OF 1973. WHITLAM HAS RECALLED HOUSE OF REPRESENTATIVES TO CONSIDER TRADE PRACTICES ACT AND HIGHWAYS BILLS, WHICH PASSED SENATE LAST WEEK IN AMENDED FORM. ACTION BY

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PRIME MINISTER SEEMS IRRELEVANT TO PRESENT PROBLEMS. WHILE IT

WOULD BE PREMATURE TO DRAW TOO MANY CONCLUSIONS FROM SEQUENCE OF ADVERSE DEVELOPMENTS NOTED ABOVE, LABOR GOVERNMENT IS UNDER HEAVY CRITICISM FOR FAILURE TO COME TO GRIPS WITH MORE AND MORE SERIOUS ECONOMIC PROBLEMS. END SUMMARY.

2. AMID GROWING COMMENT IN AUSTRALIAN MEDIA ABOUT EMERGENCE OF A LEADERSHIP CRISIS, RELATED TO LABOR GOVERNMENT'S PERCEIVED INACTION IN DEALING WITH ECONOMIC AND FINANCIAL ISSUES, PRIME MINISTER WHITLAM ANNOUNCED AUG 19 THAT HE WAS CALLING HOUSE OF REPRESENTATIVES BACK FOR SHORT SESSION AUG 23. HOUSE WILL CONSIDER AMENDED TRADE PRACTICES ACT AND HIGHWAYS ACT PASSED BY SENATE LAST WEEK. INDICATIONS ARE THAT WHITLAM WILL ACCEPT SENATE AMENDMENTS ON TRADE PRACTICES ACT (SUMMARY IN SEPTEL), BUT OPPOSITION PREDICTS HE WILL REJECT AMENDED HIGHWAYS ACT.

3. AMENDMENTS TO BOTH BILLS BY SENATE ARE ONLY OF MODERATE SIGNIFICANCE. MOREOVER, THE HIGHWAY ACT HAS NO RELEVANCE TO CURRENT INFLATIONARY PROBLEM. TRADE PRACTICES ACT HAS LONG RANGE IMPORTANCE IN PROMOTING AND PRESERVING COMPETITION IN AUSTRALIAN ECONOMY AND IN FIELD OF CONSUMER PROTECTION. DESPITE GOA TENDENCY TO PORTRAY IT AS MAJOR ANTI-INFLATION MEASURE, HOWEVER, THE ACT APPEARS TO US UNLIKELY TO HAVE MORE THAN MARGINAL IMPACT ON AUSTRALIA'S IMMEDIATE INFLATION PROBLEM. CABINET IS MEETING IN CANBERRA AUG 19-22 TO CONSIDER BUDGET STRATEGY FOR NEXT FULL SESSION OF PARLIAMENT, TO BEGIN SEPT 17.

4. MEANWHILE, LABOR'S POLITICAL PROSPECTS HAVE SOMEWHAT WORSENED. AUSTRALIAN SALES RESEARCH BUREAU ISSUED RESULTS OF SAMPLING OF VOTER OPINION AUG 17. ALP PERCENTAGE OF SAMPLE DECLINED TO 41.7 PERCENT FROM MAY 18 ACTUAL VOTE OF 49.3, WHILE LIBERAL-COUNTRY PERCENTAGE WAS 48.9 PERCENT, COMPARED TO MAY 18 FIGURE OF 45.6 PERCENT. THIS IS STARTLING DECLINE, SUPPORTING MORGAN GALLUP POLL REPORTED IN REF A. MOREOVER, ASRB POLLS IN PAST HAVE TENDED TO TAKE MORE FAVORABLE VIEW OF LABOR PROSPECTS, PARTICULARLY AS SAMPLE IS HEAVILY URBAN-ORIENTED, WHERE ALP IS TRADITIONALLY STRONGEST.

5. FURTHER BAD NEWS CAME IN PUBLICATION OF UNEMPLOYMENT FIGURES PROVIDED TO CABINET BY DEPT OF LABOR AUG 20, WHICH SHOWED TOTAL UNEMPLOYED AS OF AUG 15 AT 101,585 (REF C). THIS SHOWED UNEMPLOY-LIMITED OFFICIAL USE

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MENT HAD INCREASED BY SOME 8,000 SINCE JULY 31, WHEN FIGURE WAS 93,585. THESE ARE UNADJUSTED FIGURES, BUT INCREASE IN RAW FIGURES AND CONTINUING DECLINE IN JOB VACANCIES ARE EXPECTED AT THIS TIME OF YEAR. MOREOVER, LABOR IN OPPOSITION STEADILY DENOUNCED ATTEMPTS BY LIBERAL-COUNTRY GOVERNMENT TO DISTINGUISH BETWEEN RAW AND SEASONALLY ADJUSTED FIGURES AS EFFORTS TO MASK SERIOUS HUMAN PROBLEMS. LABOR CANNOT EASILY NOW, IN GOVERNMENT, IGNORE WHAT IT SAID IN OPPOSITION. IN PRESS STATEMENT AUG 21

DEPUTY PRIME MINISTER CAIRNS PREDICTED UNEMPLOYMENT FIGURE
MIGHT REACH 200,000 IN NEXT 12 MONTHS.

6. STRIKES ARE CURRENTLY AT A MOST SERIOUS LEVEL, HAVING AN
INCREASINGLY ADVERSE IMPACT ON NATIONAL ECONOMIC AND POLITICAL
LIFE. ACCORDING TO FIGURES MADE PUBLIC THIS WEEK, STRIKES HAVE
CAUSED LOSS OF 3.9 MILLION MAN DAYS IN FIRST FIVE MONTHS OF 1974,
COMPARED TO 1.0 MILLION MAN DAYS IN SAME PERIOD OF 1973. IF
COMMUNIST-INFLUENCED UNIONS UNDERTAKE THEIR "SPRING OFFENSIVE"
IN NEXT FEW MONTHS, AS RECOMMENDED RECENTLY BY COMMUNIST PARTY
OF AUSTRALIA PRESIDENT, JACK MUNDEY, ABOVE FIGURES WILL GET MUCH
WORSE.

7. COMMENT: IT IS PREMATURE TO DRAW TOO MANY CONCLUSIONS FROM
ABOVE INDICATIONS OF POLITICAL AND ECONOMIC PROBLEMS FACING LABOR
GOVERNMENT. HOWEVER, LABOR GOVERNMENT AND WHITLAM ARE UNDER
INCREASING PUBLIC CRITICISM FOR FAILURE TO COME TO GRIPS WITH
GROWING ECONOMIC CRISIS.

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